McKinsey & Company

CASE STUDY

Allianz drives end-to-end transformation for profitable growth and customer delight

In a competitive and commoditized insurance market, the German insurance provider didn't just want to regain market share. The goal was to reset the bar completely.

14%
growth
achieved in premiums, outpacing the market average of 11%

2.6%
growth
achieved in the number of policies, compared to the market's 1.2% growth

8K
agents
across Germany

THE OPPORTUNITY

Redesigning the motor insurance proposition for profitable growth

Allianz, a global leading insurance company, operates a significant property and casualty (P&C) business in Germany, where it faces a highly competitive and fragmented motor insurance market. The industry is characterized by 46 insurance groups offering motor insurance, with the top five companies covering roughly 50 percent of the market.

This intense competition has led to years of price battles, resulting in limited margins for many participants. Despite maintaining a stable motor insurance portfolio since the 2000s, Allianz had experienced limited growth, primarily serving "traditional" customer segments with high personal service needs with its 8,000 agents across Germany. The company sought to redesign the motor insurance proposition for profitable growth.

Inflation has compounded these challenges, particularly in the claims function, with a 46 percent increase in claims indemnity between 2021 and 2024 (for example, collision coverage), and several natural catastrophes—including a significant flood in Ahrtal, Germany—have further added uncertainty over the past three years.

Together, these events have significantly impacted profitability, with several insurance players struggling to grow in a commoditized industry.

To lead in this complex market, Allianz collaborated with McKinsey to tackle these challenges and achieve significant profitable growth by fundamentally redesigning their motor insurance value proposition, leveraging a granular benchmarking process against best-in-class competitors.

"Our multiple Allianz brands—with different products and pricing structures—were actually confusing customers. We wanted to use data and analytics to understand how we could not just compete—but lead—in this German market."

The benchmarking exercise provided Allianz with a detailed understanding of market dynamics, customer preferences, and best-in-class processes along the entire value chain. Using these insights, Allianz could move beyond its traditional customer base—and grow by tapping into new segments.

> “We embarked on this transformation because we saw an opportunity to completely improve the customer experience and differentiate ourselves with service.”
>
> **—Frank Sommerfeld,** CEO of Allianz Versicherungs-AG

Executives Frank Sommerfeld and Dirk Steingröver on the bold vision behind Allianz’s transformation. Watch video.

THE SOLUTION

An end-to-end transformation with a customer-centric approach

Allianz embarked on a systematic transformation of its motor insurance business, targeting the value chain, from brand positioning to cost optimization. The company designed its go-to-market approach fully based on customer preferences, mostly defined by quality of service and price of the insurance policy.

Therefore, multiple brands within the Allianz family were leveraged to reach a broad range of customer segments, including the core Allianz brand, Allianz Direct as the online P&C insurer of Allianz, and a strategic partnership with ADAC. This multi-brand strategy was designed to grow beyond the traditional service-seeker segment, targeting customers with specific messages in relevant channels.

To enhance customer experience, Allianz established an omnichannel offering that allowed customers to switch seamlessly between different channels with one “display” of products toward the customer. For example, Allianz Direct products became available in local agencies, ensuring a coherent customer experience across digital and physical touchpoints.

The company developed customer-segment-specific offerings with a focus on service as a differentiator, ranging from full-fledged online products to personal support in Allianz’s agency network. This tailored approach ensured that each customer received service how and where they wanted to, enhancing overall satisfaction and retention.

In addition to enhancing customer experience, Allianz focused on improving productivity across the entire value chain. By using “process mining” to understand the variety of applied process variants and the resulting inefficiencies and applying the “systems thinking” methodology, Allianz was able to radically simplify the process of deploying digital self-services and automation to streamline sales, operations, and claims processes with technology.

At the same time, Allianz conducted a holistic claims transformation to improve the accuracy of claim payouts, including analytics-based fraud management to find and recover fraudulent claims in Allianz’s portfolio. Allianz also offered their customers access to a first-class repair network enabled by technology, allowing for one-click scheduling, regular repair status updates, ancillary services such as pick-up and drop-off—all representing the industry’s gold standard for customer service.

“As is the case with many transformation projects, we underestimated the complexity in IT infrastructure or change that was required, specifically in an environment where we are operating across operating entities,” says Dirk Steingröver, responsible board member for retail insurance at Allianz Versicherungs-AG.

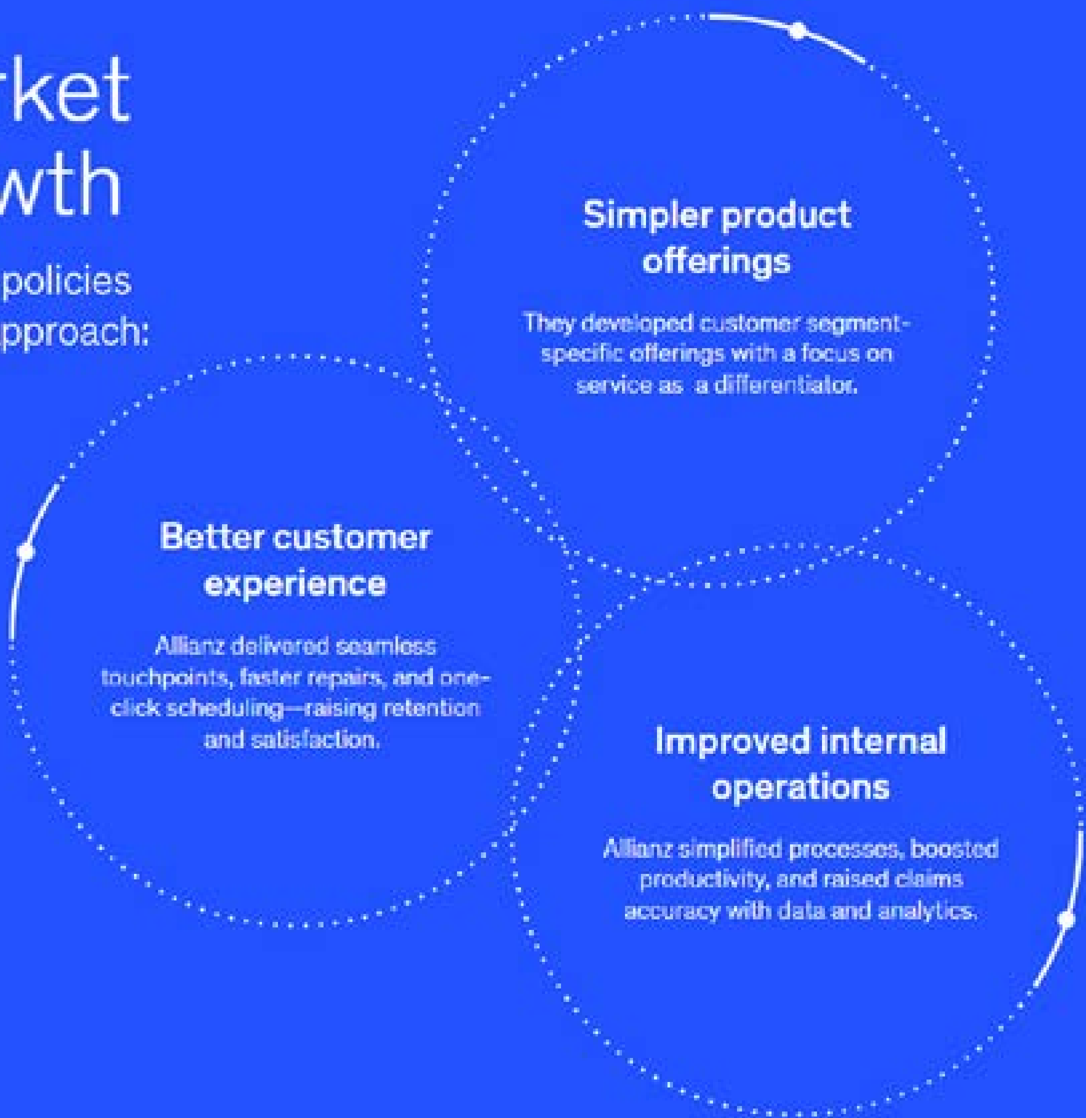
Valuable insights from all facets of the company were gathered to uncover value chain roadblocks: sales, product, pricing, operations, IT, and claims, ensuring an integrated approach that reflected the day-to-day challenges among its teams.

CEO Frank Sommerfeld discusses Allianz's future aspirations. Watch video.

> "Integrating service as a differentiating element in a commodity product like motor insurance has been a game-changer for us. This approach enabled us to enhance our positioning for all our customer segments."
>
> **—Dirk Steingröver,** Board member for retail insurance at Allianz Versicherungs-AG

>2X market rate growth

in motor insurance policies with a 3-pronged approach:



> "Building the capabilities of our people, improving the way we worked to operate more efficiently, and getting the support of our community of agents was critical."
>
> **—Dirk Steingröver,** Board member for retail insurance at Allianz Versicherungs-AG

Board Member Dirk Steingröver on enhancing customer experience. Watch video.

THE IMPACT

Significant financial and operational results—and improved customer offerings

Allianz's systematic transformation of its motor insurance business has yielded significant results for its employees and customers, positioning the company at the top in the German market. By the end of 2024, Allianz achieved policy growth in motor insurance that was more than double the market rate, while maintaining a combined ratio (CoR) below the market average.

The organization also enhanced its operational capabilities, including AI-enabled pricing and predictive tools, and delivered a more seamless customer experience. Customers who previously saw separate products with different offerings and pricing structures now experience a seamless journey.

For Frank, the biggest unlock to success has been collaboration and a new way of working for teams. In the past, different departments worked on projects and aligned with other teams later on in the process. "As part of this transformation, we changed to partner from the beginning to ask, 'Where are the pain points? What areas do we need to focus on to find a solution that helps not one entity or the other, but Allianz and our customers as a whole?'"

> "Our customers now walk into Allianz through a 360-degree door, where the customer can enter at each and every touchpoint and always receive a consistent, comprehensive offer."
>
> **—Dirk Steingröver,** Board member for retail insurance at Allianz Versicherungs-AG

MEET OUR EXPERTS

Dr. Simon Kaesler

Senior Partner, Frankfurt

Leads our insurance work in Germany, Austria, and Switzerland, and advises financial-services organizations on digital strategy, distribution transformation, and new business building

Dr. Jörg Mußhoff

Senior Partner and Global Coleader, Berlin

Coleads the firm's global insurance work and leads the European insurance sector; advises executives and financial-services organizations on strategy, corporate finance, distribution, and large-scale transformation programs

Franziska Kraken

Partner, Cologne

Based in Cologne, Germany, Franziska Kraken helps insurers across Europe and Japan achieve growth amid disruption

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